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COLLABORATION BETWEEN JAPAN, GERMANY

AND ITALY

Volume VI

CULTURAL AND TRANSPORTATION BETWEEN JAPAN,

GERMANY AND ITALY

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OF COUNSEL

CULTURAL AND TRADE AGREEMENT BETWEEN JAPAN,

GERMANY AND ITALY

(1) Close cooperation between the signatories of the Anti-Comintern Pact was demonstrated by the conclusion of cultural treaties between Germany and Japan on 27 November 1938, and Italy and Japan on 23 March 1939. These treaties provided for systematic promotion of cultural relations in the fields of science, fine arts, music, literature, motion pictures, radio broadcasts, child and youth movements, sports, etc. The result sought to be obtained was alleged to be the strengthening of the ties of friendship between the Nations concerned, and the possibility of the treaties exerting political influence was recognized. In a speech at the opening of the German-Japanese Cultural Committee, WEISSACKER expressed his conviction that the political friendship of the two nations would be deepened by the agreement.

Text

(a) Document 976, (Exhibit No. 37):

TREATY BETWEEN JAPAN AND GERMANY

PERTAINING TO CULTURAL COOPERATION

"The Imperial Government of Japan and the Government of Germany, recognizing solemnly that, in view of the fact that Japan's own peculiar spirit and Germany's racial and national life constitute respectively the essence of Japan's culture and Germany's culture, the cultural relations between Japan and Germany should be based on these factors, and desiring to further strengthen the friendly and mutual trust, which fortunately binds the two countries already, by deepening the various cultural relations between the two countries and also by promoting the mutual knowledge and understanding between the peoples of the two countries, have entered into an agreement as follows:

ARTICLE I

"The High Contracting Powers shall mutually cooperate most closely in order to strive to establish their cultural relations on a firm basis.

ARTICLE II

"The High Contracting Powers, in order to achieve the object of the preceding article, shall systematically promote the cultural relations between the two countries in the fields of learning, arts, music, literature, cinema, radio broadcasting, youth movement, and sports.

ARTICLE III

"The particulars necessary for the enforcement of the provision of the preceding article shall be decided by discussion between the competent authorities of the High Contracting Powers.

ARTICLE IV

"This Agreement shall be enforced from the date of its signature. Either one of the High Contracting Powers may denounce this agreement by giving twelve months' advance notice.

"In witness whereof, the undersigned, duly authorized by their respective Governments, have signed this Agreement and affixed their seals thereto.

"Drawn up in duplicate, Japanese and German, at Tokyo on November _____, of the 13th year of Showa, or November _____ 1938.

Foreign Minister of Japan
Envoy Extraordinary and
Ambassador Plenipotentiary
of Germany."

of an investigation committee, held a resumed meeting on
the 10th day of this month. After hearing the explanations
(b) Document 2562, (Exhibit No. 210), concerned, we have
"Minutes of Conference on the Conclusion of Agreement for
Cultural Cooperation between Japan and Germany."

literature, legislation and various other fields, a mutual
and close relationship between the two nations of
November 22, 1938 - Original

Germany and Japan but after the conclusion of
"Minutes of the Privy Council on the Conclusion of
Agreement for Cultural Cooperation between Japan and
Germany." On the 10th day of September of this

year the German Government proposed for a conclusion of a
"Members present:

Chairman: HIRANUMA
provisional agreement between the various countries of Europe,
as to legalise the enlightenment of cultural relations

Ministers:
No. 8 Minister of Education - ARAKI proposed
the proposal of the Imperial Government

all the more for the sake of friendship. Our Imperial Government
No. 15 Minister of War - ITAKAKI
approved the proposal.

both parties concerned have conducted numerous negotiations
Chairman HIRANUMA: The conference will open from now on.

The topic of discussion is the Conclusion of Agreement
for cultural cooperation between Japan and Germany. The
reading aloud and first reading will be omitted and I now
request for a report from the Chairman of the Investigation
Committee immediately.

"Report Committee Chairman ARAKI: On the inquiry concerning the
Conclusion of Agreement for Cultural Cooperation between
Japan and Germany, we officials who were recently appointed
rules to legalise cultural relation between Japan and

as an investigation committee, held a committee meeting on the 16th day of this month. After hearing the explanations of the minister and various officials concerned, we have concluded the following strict investigation results:

"For many years, on cultural matters concerning medicine, literature, legislation and various other fields, a mutual and close relationship existed between the two nations of Germany and Japan but with and after the conclusion of the Anti-Comintern Agreement in November two years ago, national intercourse between the two nations entered into a renewed unity. On the latter part of September of this year the German Government proposed for a conclusion of a cultural agreement between Germany and Japan, a recent practice prevalent between the various countries of Europe, so as to legalize the enlightenment of cultural relationship between the two nations, thus leading to furthering the promotion of the cause and proving to strengthen all the more our tie of friendship. Our Imperial Government approved this proposal. Thereafter the authorities of both parties concerned have conducted numerous negotiations and the arriving at an agreement led to the realization of this definite plan of a pact. However this does not mean that our Imperial Government prefers such an agreement with Germany alone. If conditions permit, similar agreements should be concluded with other nations also, as this cultural intercourse has a tendency to contribute valuable service to achieve the general aims of diplomacy. This was voiced by our authorized minister concerned.

"This agreement lays down provisions and fundamental rules to legalize cultural relation between Japan and

Germany, and as stated in the introduction, both nations by conviction should seek relations harmonizing the characteristic spirit of Japan and the racial and national life of Germany, which respectively form the essence of each nation's culture. It will not only help to deepen relations with all forms of culture but also enhance the furthering of mutual knowledge and understanding to a better state so that the friendship and mutual trust already existing between the two nations will be ever firm. In the text, Article I provides that the two nations, Germany and Japan, with close mutual cooperation will put in every effort to establish cultural relation on a solid basis. Article II provides for this purpose, the two nations will systematically promote cultural relations in all fields as science, fine arts, music, literature, motion pictures, radio broadcasts, movement of child and youth, sports, etc. Article III provides that the detailed, necessary means of putting this into practice will be left with and decided upon by negotiation between the responsible authorities of the two nations. Article IV states that this agreement will come into effect from the date of signing and it could be abrogated at twelve months notice from either party of the two nations.

"Our investigation observes that a conclusion of such an agreement is an actual plan to develop cultural relation and promote a friendly relationship of more sincerity between the two nations. This agreement will also contribute to uplift the culture of both nations and at the same time aid

prevention be taken so that the people may not be misled.

Further, I wish to hear the government's comment on this

Doc. 17 (1933)

to a marked degree in fostering the goodwill of national intercourse. For these reasons it is a pertinent principle and also we see nothing to fear which may be of any hindrance of any kind. Hence, the decision of the investigating committee by unanimous vote is that the plan should be adopted as it stands.

"The foregoing is a report on the result of our investigation.

"On the second point this agreement proposes to aid

Doc. 28 (1933).

"In its introductory provision, which I take forms the basis of this agreement, it is said that the essence of the culture of Japan and Germany as consisting of the characteristic spirit of Japan on the one part and the racial and national life of Germany on the other. This seems somewhat out of coordination, but since it is so designated, I want to hear the reason, and what is embraced in the term, 'the racial and national life of Germany.' According to German Nationalism or Nazism and a current conception of the present day, the German race is attempting to unify and assimilate even those people who inhabit other nations while banning another race even though living in her own country. Whereas the characteristic feature of our spirit holds equality on all races without prejudice. This exemplifies the differences in view between this and that nation. Although directly nothing is stated relative to politics, this agreement may bring about some kind of influence politically. So I deem it important that special precaution be taken so that the people may not be misled. However, I wish to hear the government's comment on this aspect.

"No. 17 (ARITA):

"In short, the racial and nationalistic life of Germany is none other than the singular spirit of Germany. The reason for the adoption of the term was because of the first instance in the past of Germany at the subject of negotiations, emphasizing that their characteristic spirit being phenomenal in the racial and national life of Germany, it should be made the essence of her culture.

"On the second point this agreement proposes to aid in the liaison and systematic uplifting of the culture of the two nations. It recognizes that cultural relations of Japan and Germany form the basis of the characteristic spirit of each respective nation. Therefore it is wished that there will be any influence politically. However, if there are such opinions of fear in the carrying into effect of the agreement, sufficient precaution shall be taken.

"No. 18 (IMMIGRA):

"On the whole I understand, but it is conceivable that during the long life of this agreement there is a possibility that politics will be influenced. In particular, a tendency to go with the German stream is not at all deniable in this country of Japan. In view of this fact, I repeat and hope that there should be some means to guard against all possible setbacks on the part of our nation before this agreement is concluded.

"Chairman (HINAKAWA): Since there are no other questions, we shall edit record reading and procedures and directly report cultural relations through the Ambassadorship of

take a vote. Those who approve the project, please stand up.

(Everybody present stood up)

"Chairman (HIRANUMA): Decided in favor of, unanimously. This closes our meeting today.

(c) Document 329, (Exhibit No. 38):

"AGREEMENT ON CULTURAL COOPERATION BETWEEN JAPAN AND ITALY.

"The Japanese Government and

"The Italian Government,

"Equally animated by a desire to deepen the mutual understanding of both countries and to strengthen more and more the bonds of friendship and mutual confidence so happily connecting them already, by mutually respecting their inalienable cultures based on their time-honored traditions and by promoting their manifold cultural relations.

"Have agreed upon the following Articles:

ARTICLE I.

"The High Contracting States shall strive to put their cultural relations on a firm foundation and shall most closely collaborate in these regards.

ARTICLE II.

"In order to attain the aim set forth in the preceding Article, the High Contracting States shall ever promote their cultural relations through the instrumentality of

science and art, music and literature, stage and screen, photography and radio, youth movements and sports, etc.

ARTICLE III.

"The competent authorities of the High Contracting State shall decide by mutual agreement the detailed measures necessary for the execution of the stipulations of the preceding Article.

ARTICLE IV.

"The present Agreement shall enter into force on the day of its signature. It shall expire twelve months after one of the High Contracting States shall have denounced it.

"In witness whereof, the Undersigned, duly authorized by their respective Governments, have signed the present Agreement and affixed hereto their seals.

"Done in duplicate, in Japanese and Italian original texts, at Tokyo, the 23rd of March 1939 I.e. the 23rd day of the 3rd month of the 16th year of Showa-Period corresponding to the 23rd day of the 3rd month of the 17th year of Fascist-Period.

(L.S.) Mamoru Arita.

(L.S.) Giuseppe Arviti.

remaining guests freely expression themselves to the various tables.

"After the guests have been served tea and cake, the (4) Document 40302, (Exhibit No. 2) 1
then introduces a speech which Ambassador von Falkenberg will give. At the end of the speech, a brief, noncommittal session follows.

"Berlin, 3 April, 1940.

Signature illegible/

"Program for the Opening Session of the

German-Japanese Culture Committee

"The tea and the reception is the pleasant duty to be done at the Hotel Kaiserhof, the occasion of the meeting. The opening session takes place in the Federal Council Hall of the Foreign Office. The guests arrive at about 1600 hours. The session begins at 1615 hours. It is introduced by a speech of welcome from Freiherr von WEISBACH. His Excellency the Imperial Japanese Ambassador replies to it. Ambassador von TRAPPENBACH speaks last. Following that, the participants in the opening session go to the Hotel Kaiserhof, where a tea reception takes place. German philosophy and literature. For tea. The guests arrive at about 1700 hours in the Hotel Kaiserhof. After taking off their overcoats in the cloakroom, they meet in the Yellow Room. After arrival of the State Secretary, the guests sit themselves at the tables set up in the Great Hall. Tea and cake is first served, which takes about a quarter of an hour. The distribution of the guests at each of the tables is effected so that a prominent participant is named for each table, while the remaining guests freely asportion themselves to the various tables. Japanese Embassy has undertaken the leadership of the Japan. After the guests have been served tea and cake, the State Secretary greets those present at about 1730 hours and then introduces a speech which Ambassador von TRAPPENBACH will give. At the end of the speech, a brief, noncompulsory meeting follows.

"Berlin, 3 April, 1940.

/Signature illegible/

~~"SPEECH BY WEIGSACKER AT THE OPENING SESSION OF THE GERMAN-
JAPANESE CULTURE COMMITTEE"~~

"Your Excellency, Gentlemen: It is a pleasant duty
to me to welcome you all today on the occasion of the
meeting of the German-Japanese Culture Committee."

"And my special greetings go to you, Your Excellency,
Ambassador KURU. Your presence here proves again
your active interest in the Committee, which represents
a further, and in many respects a new kind of, connecting
link between Germany and Japan and has been called upon
to play a significant part in the spiritual exchange between
our two nations. You have, we know, besides your political
and economic professional questions, occupied yourself most
deeply with German philosophy and literature. For us,
therefore, you are, as a personal expert in German spiritual
life, the best guarantee for the advancement of the cultural
correlation of our countries."

"The formation of the German-Japanese Culture Committee,
proposed from the German side, has met with the agreement
of the Imperial Japanese Embassy. The Berlin Committee, just
like the corresponding committee in Tokyo is composed
equally of five Japanese and five Germans."

"I warmly welcome the fact that Envoy USAMI, as advisor
in the Japanese Embassy has undertaken the leadership of the
Japanese group in the committee, and that the other Japanese
gentlemen happily represent all Japanese life in Germany.
I thank you, gentlemen, for your readiness to undertake the
office proposed to you, and gladly count on your lively
participation in our common task."

Japan by ~~CHUCKLEHEAD-VERBODEN~~ ~~CHUCKLEHEAD~~. As the williamson

of the organizations and activities of the Nazi Party

should follow a unified point of view, the Foreign Office had asked the Reich's Ministry to send a representative to the Committee. I am glad that this proposal has been complied with, and heartily welcome Herr SCHULTE, Ministry Director GRUBER, as representative of the Reich Ministry for National Enlightenment & Propaganda. In

this, like the addition of advisors and experts, in relations between Germany and Japan we cannot be satisfied with an innovation in the sphere of Cultural Committees. That knowledge of each other's country should be confined to a small circle of experts. Rather must a real mutual understanding between the nations be extended to the widest possible circle in the nations concerned, by means of real knowledge and comprehension. National education and national enlightenment are the most important means for the attainment of the high goal we have in mind. Your presence bears witness that you will do your part in the spheres of your respective ministries to crown these efforts with success.

Following the precedent in Tokyo, it seemed suitable to us that the Foreign Office should itself be presiding over the committee. Therefore the head of the Cultural Department, and a maximum of achievement be obtained by systematic work which is only possible through the finding of individual enterprises into the general track.

Just in the last few years relations between organizations and societies in the Nazi Party /NSDAP/ and Japan have developed very gratifyingly. As examples of this I mention the fact that the Reich Board of Health has concluded an agreement with the Japanese-German Medical Society and that the Reich Youth Board is permanently represented in Japan by OBERSCHNITZ-FURCHER SCHULTZ. As the utilization

of the organizations and societies of the Nazi Party /NSDAP/ should follow a unified point of view, the Foreign Office has asked the Fuehrer's deputy to send a representative to the Committee. I am glad that this proposal has been complied with, and heartily welcome Herr SCHULZ-STRATHAUS to this circle.

"This, like the addition of advisers and experts, is an innovation in the sphere of Culture Committees. I expect much for the activity of our committee from the effectiveness of these co-workers. I thank the parties here concerned for the fact that they are willing to fit their work abroad in their occasional special spheres into the great frame of our efforts and tasks in linking our peoples together. Through your share in the committee you, the advisers and experts, will be currently informed of the whole picture of the German-Japanese Culture Committee and be put in a position to adopt suggestions and possibilities, which arise in the one sphere, in your own spheres of work in the same way. In this way every fruitful thought and every show of initiative must be made available to all concerned, and a maximum of achievement be obtained by systematic work which is only possible through the fitting of individual enterprises into the general frame.

"The German-Japanese Culture Committee is a working committee which, in accordance with the German-Japanese agreement on cultural cooperation of 25 November 1938 will discuss and advise on practical measures, the achievement of which will be suited to systematically furthering German-Japanese cultural relations.

The cultural relations between the two countries are to

"The activity of the already existing committee in Tokyo is above all serving the deepening of the knowledge of German culture in Japan. Similarly I see the task of the committee here as lying in the main in the direction of Japan-Germany, that is as working for the spread of the knowledge of things Japanese in Germany. The agreed and stipulated systematization of our efforts demands, however, that the activities of both committees are coordinated and that each committee for its own part furthers the enterprises of the other. This will be one of the essential tasks of the Foreign Office.

"From what has been said, our Japanese friends may see that we have tried to create all the technical prerequisites for a close practical cooperation.

"A fundamental prerequisite, however, for the deepening and broadening of mutual international intercourse is the readiness of the nations themselves to give spiritually as well as to take. This readiness is in existence in wide circles of the German nation. To spread it ever wider deepened, and that Germany and Japan will set an example is the task of this committee and the circles represented in the collection of reciprocal international intercourse in it.

"A second, just as important, fundamental of international cultural work has been expressed in the preamble to the German-Japanese culture agreement. Both governments have there declared that they are impressed with the realization that the German and Japanese cultures have their true basis in the German national and racial life on the one hand and the igneous Japanese spirit on the other, and that the cultural relations between the two countries are to

As the result of negotiations, Ambassador Togo presented to
RISHIKAWA on 25 June 1936 a German declaration to this effect:
and be built thereon.
For the first time in the history of international
Government took into account the expression "New China" in the
agreement, the spiritual basis on which the goal set by
because of this agreement, the view that Japan in practice would be
willing to be worked for has been expressed and
nation and the desire to build a new world in the form of a
unitedly defined. The clear consciousness of each party
includes the fact that Germany supports its striving to
of its racial and national self and the mutual recognition
influence of German influence and the American to "China" for
the fact that the German and Japanese to avoid the possibility of
only possible for nations that are self-conscious, national
and self-contained, and just on that account capable and
ready to understand other nations.
The work of this German-Japanese Culture Committee
will have to be steered along these supreme spiritual
guiding lines.

Gentlemen, to our universal satisfaction and joy,
there has arisen in this committee a new, effective instru-
ment which shall and will ever strengthen the traditional
close spiritual bonds between Germany and Japan. I am
however convinced that the political friendship which so
fortunately unites our countries will also be further
deepened, and that Germany and Japan will set an example
in the cultivation of peaceful international intercourse.

"I declare the German-Japanese Culture Committee
established."
position about Japan held in Berlin and shared the view with
the Ambassador that Japan and Germany must cooperate economi-
cally still more closely in China in the spirit of the Anti-

(2) Ambassador Togo, as previously shown, stated to VAN
RISHIKAWA on 25 January 1936 that the time would soon come when
Germany and Japan should begin discussions of commercial and trade
agreements regarding the new China which was about to be constructed.

agreed with the points **made** and in it are everything.

Secretary's Expense Book is being to observe the following

SECRET **Berlin, 29 June 1938**

—

ambassador the willingness of the German Government to try to do its best for economic and technical cooperation with Japan in China. He at the same time expressed the wish that the Japanese Government for its part would proceed in the same manner and that in particular it would take an especially generous and considerate attitude especially as regards German foreign trade in China.

"II.) After the Ambassador had informed the Japanese Government of the course and results of the conversations as depicted above, the Ambassador was then instructed by the Imperial Government to communicate the following to the German Government:- The Japanese Government is agreed with the points mentioned in I.) and accordingly intends, with regard to the economic activity concerning Germany's foreign trade in China to observe the following lines in future.

"a.) In future the Japanese Government will consider Germany exceptionally favorably in her economic activities in China and will at least grant her the most favorable treatment that third powers (excluding Manchuria) will confer, and is accordingly prepared in individual cases, in which future proposals will be made by Germany with a bearing on this, to promote German interests where possible. This benevolent treatment of Germany of course does not exclude Japan's economic cooperation with third powers.

"b.) The Japanese Government is of the opinion that foreign trade in China has to stand fundamentally on the same footing with the Japanese. It will consequently

do its best for both countries to enjoy the same treatment as regards customs and accordingly in the event of any special import and export regulations, management of foreign bills of exchange or other measures for the control of trade goods and payment arrangements being met with, which make the position of equality of Germany practically impossible, for example concerning the different nature of German or Japanese currencies. German interests will be particularly generously considered and at least the most favorable treatment that other powers (excluding Japan and Manchuria) enjoy, will be granted to her."

as far as possible, but that we could not agree to commit ourselves to a definite treaty form. The Japanese Ambassador further declared (a) Document 4031A, (Exhibit No. 11) 21.11.34

"The Japanese Ambassador TOSO, who had announced himself, visited me today at 11.30 hours.

"He handed me the Pro Memoria attached in the enclosure. As an explanation he added that the Japanese Government would like to avoid the expression 'North China' in such a Pro Memoria and would like to put 'China' in its place. Furthermore the Japanese Government was not able to assure Germany a better position than all other powers in a treaty form. Therefore the formula mentioned at the end of the Pro Memoria had been chosen in order to meet our wishes as far as possible. I declared myself not satisfied with the formula.

"Among other things I explained to the Japanese Ambassador whether the formula in paragraph a.) of the Pro Memoria

referred him to Mr. Mr. NINE.

could not be changed in such a way as that it would read: 'to further German interests to a specially great degree' instead of 'to further German interests as far as possible'. The Japanese Ambassador seemed to consider a change of that sort possible.

"After that he once more emphasized in epic verbosity that the Japanese Government would do everything necessary to secure the German interests. The idea of his statements seemed to be that one was, to be sure, in practice willing to grant Germany a better position than all the other nations and to express this in the text as far as possible, but that one would not agree to commit oneself in a definite treaty form. The Japanese Ambassador further declared that he would also willingly accept further German proposals for modifications regarding the Pro Memoria.

"I explained to the Japanese Ambassador that at present I could not take up a standpoint regarding the text of the Pro Memoria. To me it seemed that the draft did not go further than the most preferential treatment which, in view of Germany's special situation, was not satisfactory. However, I would have this plan thoroughly examined and would then give him a report regarding the outcome of this examination.

"The Japanese Ambassador then briefly mentioned the present situation of the German-Japanese negotiations for the commercial treaty. Unfortunately Japan was at present not capable of paying foreign bills of exchange to a greater extent.

"I declared that I was not informed about details and referred him to Min. Dir. WIEHL.

"The Japanese Ambassador then expressed his thanks for the support which Min. Sir. WOLFE had given him at the working conference in London. I then informed the Japanese Ambassador that our military advisers would probably leave Hankow on 5 July. It had not been altogether easy to effect their departure. In connection with the recall of Ambassador TRAVELL a number of combinations regarding covering of German-Chinese relations and the recognition of the Peking Government had been in the Japanese press. I would be thankful if the Japanese press could be influenced in such a way that it would refrain from such combinations."

"The Japanese Ambassador then expressed himself optimistically regarding the further development of the military operations. After a capture of Hankow the position of CHIANG KAI-SHEK seemed to him untenable."

"Berlin, 29 June 1938" cooperation by China and its allies, particularly and especially Signed HINDENTROP which he has handed to the German Foreign Minister on 29 June and which the Reichminister had already declared in (4) Document 40310, (Exhibit No. 40310) referred to the following points:

"Berlin, 6 July 1938

"1) According to the conversation the Reichminister has to FOR A CONVERSATION WITH THE JAPANESE AMBASSADOR, ON 6 JULY 1938, the Ambassador, who had announced himself, made reference to the fact that the Reichminister in the conversation of 29 June had referred him to me regarding details of the pending economic negotiations. At first he spoke about the present

situation of the German-Japanese negotiations for the trade agreement and said that, in the last conversation of his Commercial Attache SHUDO with M. D. WOLFFHART and E. R. VONN, we had expressed certain wishes for the acceptance of German goods by Japan up to the amount of 150 million yen, suggested by Japan, for normal export, and had declared ourselves willing to take into consideration the Japanese suggestion for an agreement regarding an additional export of 150 million yen, half against Japanese goods, half on credit, in the event of the Japanese Government considering our wishes favorably. He had telegraphed this outcome of the conversation of his Commercial Attache to Tokyo and had recommended consideration of our wishes. After having received instructions he would again contact me.

Then the Ambassador again spoke about the Pre Memorandum on German-Japanese economic cooperation in China and insisted particularly and obstinately on his counterplan which he had handed to the German Foreign Minister on 29 June and which the Reichsminister had already declared unsatisfactory. The differences of opinion referred to the following points:

"1) According to our suggestion the Pre Memorandum was to refer to 'the areas of China which are under Japanese influence.' The Ambassador wishes to replace these words throughout merely by just 'China' and brought up as a reason that the Japanese Government hoped to extend its influence over all of China, therefore it was for general reasons undesirable

"2) The Japanese suggestions for changes under the letters a) and b) present the main difficulty. The Ambassador

to acknowledge in this document the possibility of a division of China into areas which either were or were not under Japanese influence. In answering this I stressed that, with our stipulation of text, we merely wished to clarify that the agreement did not apply to such areas which finally would remain of China without being under Japanese influence. In itself this was natural because the Japanese Government could of course only take over responsibilities for such areas in which it had influence. Therefore I was willing to ask for the Reichsminister's decision whether he approved of the Japanese suggestion, to put only 'China' in the parts of the Pro Memoria concerned.

"2) The Japanese counterdraft wishes to put the words 'German foreign trade' where, in various parts, it says 'German trade in China.' I declared to the Ambassador that we could not agree to this. The reconstruction and securing of the commercial activity of German firms in China was for us an unavoidable prerequisite for the economic cooperation in China desired by both governments. This commercial activity, however, not only consisted of the import and export of German goods by these firms to or from Germany, but also of trade within China and of mediation for export of Chinese goods to third countries for instance America and England. At last the Ambassador conceded this and consented that at the end of (I) and in (IX) before the letter (a), just 'Germany's trade in China' should be put in place of 'foreign trade.'

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persisted that the Japanese Government could not promise us a better position than third powers and equal treatment with Japan regarding taxes, revenues, duties, traffic fees, etc. In answering I declared to him again and again that, in view of our support of the Japanese action in China rendered with considerable sacrifices, we felt entitled to a better position than such powers which not only did not support Japan but laid, wherever they could, obstacles in her way. In any case I did not have the right to leave off from this demand in view of the binding instructions of the Reichsminister. Still the Ambassador asked me to again obtain the opinion of the Reichsminister over against third states. This demand was solely the and also referred to the fact that VON RAUMER had promised natural consequences of the special relation between our country and the great sacrifices with which we were suggestions which differed from our version. At last I declared myself ready to report to him the final attitude which is only 'especially favorable,' however, did not of the Reichsminister and the eventual outcome of this legal examination.

"4) Finally the Ambassador told me that he had been empowered by his government to give the planned Pro Memoria a legally more binding form by a mutual provisional signing. I responded that I would bring this to the notice of the Reichsminister but pointed out that the Reichsminister, as was known, had proposed through VON RAUMER the form of an exchange of notes. The Ambassador was of the opinion that his government considered the form of an exchange of notes impractical on account of the necessary but difficult and time consuming consent of the Privy Council.

permitted it in so far as Japan itself was not capable

Signed WINKEL

(c) Document 4041, (Exhibit No.):

"Berlin, 28 July 1938

"MEMORANDUM

"On 27 July 1938 I went to see the Japanese Ambassador and told him on instructions of the German Reichs Minister, that the Reichs Minister, even after another thorough deliberation, did not find satisfactory the last Japanese proposal for the wording of the 'Pro Memoria' regarding North China, according to which Germany was to be promised only an 'especially favorable' treatment and that he stands on the demand for a promise for 'preferential treatment over against third states.' This demand was merely the natural consequence of the special relation between our two countries and the great sacrifices with which we were supporting the Japanese advance in North China. A treatment which is only 'especially favorable,' however, did not sufficiently do justice to this situation.

"Several reports from our representatives in China had contributed to the decision of the German Reichs Minister, from which it could be seen that also in the already peaceful part of North China every foreign trade was being ruthlessly eliminated in favor of the Japanese, and that thereby any more favorable treatment of the German trade was in no way taking place. This action induced the impression, that the long range Japanese economic policy in North China systematically leads to principally eliminating every foreign trade, even the German, and only permitting it in so far as Japan itself was not capable

(c) Document 4041, (Exhibit No.):

"Berlin, 28 July 1938

"MEMORANDUM

"On 27 July 1938 I went to see the Japanese Ambassador and told him on instructions of the German Reichs Minister, that the Reichs Minister, even after another thorough deliberation, did not find satisfactory the last Japanese proposal for the wording of the 'Pro Memoria' regarding North China, according to which Germany was to be promised only an 'especially favorable' treatment and that he stands on the demand for a promise for 'preferential treatment over against third states.' This demand was merely the natural consequence of the special relation between our two countries and the great sacrifices with which we were supporting the Japanese advance in North China. A treatment which is only 'especially favorable,' however, did not sufficiently do justice to this situation.

"Several reports from our representatives in China had contributed to the decision of the German Reichs Minister, from which it could be seen that also in the already peaceful part of North China every foreign trade was being ruthlessly eliminated in favor of the Japanese, and that thereby any more favorable treatment of the German trade was in no way taking place. This action induced the impression, that the long range Japanese economic policy in North China systematically leads to principally eliminating every foreign trade, even the German, and only permitting it in so far as Japan itself was not capable

of delivery or receipt. As evidence of this I presented the ambassador the note enclosed in copy, in which five cases of complaint are presented and made supplementary oral explanations based on a detailed memorandum regarding the situation of German economic interests in North China, especially regarding the complete exclusion of Germany from the railway field. He would now report to which has set in since the Japanese occupation in two fields in which we have had a leading position for many years, namely, in the delivery of railroads and the hydro-electric field. It followed from all of this that it was not a question of an especially favorable treatment, not to speak of a preferential treatment of Germany in North China.

"I added, that Ambassador OTT would be commissioned to present these complaints in Tokyo and to ask the Japanese government for information regarding its intended future economic policy in North China. Ambassador OTT, during his presence here, had also been informed of the course of the discussions here regarding economic co-operation in North China and informed of the differences of opinion which still exist regarding the wording of the Pro Memoria and would, when the opportunity presented itself, on his part inform the Japanese government in Tokyo of the concept of the Reichs Minister.

"Especially the latter statement was obviously extremely disagreeable to Mr. TOGO and upon my report on the commissioning of Ambassador OTT, which were at first more indicative, he posed several counter questions, until I made this commissioning more precise in the manner shown above.

of delivery or receipt. As evidence of this I presented the ambassador the note enclosed in copy, in which five cases of complaint are presented and made supplementary oral explanations based on a detailed memorandum regarding the situation of German economic interests in North China, especially regarding the complete exclusion of Germany from the railway field. It followed from all of this that it was not a question of an especially favorable treatment, not a question of a preferential treatment of Germany in North China.

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"Especially the latter statement was obviously extremely disagreeable to Mr. TOGO and upon my report on the commissioning of Ambassador OTT, which were at first more indicative, he posed several counter questions, until I made this commissioning more precise in the manner shown above.

"Impartially (speaking), Mr. TOGO objected that he had always done his best to do something about such German complaints from North China, and in two instances he had even succeeded in that (later findings showed that he had actually gone to some trouble regarding Point 2 of the Appendix, that, however, the Japanese assent which had been given to it was not sufficient). He would now report to Tokyo the complaints enumerated in the appendix and in my oral statements. If up to now no especially favorable treatment of Germany in North China has taken place, then this was related to the fact that an agreement could just not be reached on the Pro Memoria in which this especially favorable treatment was to be agreed upon.

"I expressed my astonishment at this remark, pointing out that from general circumstances alone, such an especially favorable treatment even without agreement was understood to be a matter of course. After a few excuses the Ambassador admitted this, maintained, however, that the stopping of war material delivery to China and especially the recall of the military advisers had only come about such a short time ago that the effect of this gesture of friendship could not yet have carried through to (change) the attitude of the Japanese authorities everywhere in North China. He, too, presumed that an account of this gesture of friendship much would now improve of its own accord along the lines of our wishes.

X VII

Pub. VIII

To be submitted to the British Ministry via the State Secretary, with the request for a decision on the last sentence of the memorandum.

"Finally the ambassador made remarks concerning other details of the wording of the Pre Memorandum, from which I could surmise that he was, nevertheless, very much interested in a further discussion also here on this subject, and that he possibly still has one or another concession on hand, which up to now, he has not brought forth. He also inquired as to what attitude the German Reichs Minister had taken to the form of the Pre Memorandum, namely conciliation by mutual signing.

"I answered that the Reichs Minister had not taken any attitude towards these other details, as it was of no use to go more deeply into these questions, as long as the main point, namely the demand for preferential treatment was rejected by the Japanese side. But since Mr. TOGO insisted, and as it could be of advantage to find out something about other possible Japanese concessions, and as he seems to be somewhat under pressure by the parallel action of our Ambassador in Tokyo, I at last promised him that I would get the decision of the Reichs Minister regarding continuation of the discussion.

Signed WIMMEL

To be submitted to

the Reichs Minister

the Secretary of State

Mr. L. R. VOSS

W VII

Pol. VIII

To be submitted to the Reichs Minister, via the State Secretary, with the request for a decision on the last sentence of the memorandum.

"Ambassador GUT has been informed by telegraph and asked to raise complaints in the same direction with the Japanese Government."

"The Japanese Government has been informed by telegraph and asked to raise complaints in the same direction with the German Government."

(c) Document 40416 (Exhibit No. 1) - A version of a policy

document on the subject of the territories

are for the time being put under the administration

(concerning the situation of German Economic

interests in the parts of China occupied by

Japan.

The Japanese economic policy in China and its reactions

on the German interests. They confirm in numerous reports

the view of the reactions which the Japanese-Chinese

conflict inevitably exercises upon foreign economic interests

in China, the Japanese Government has repeatedly declared

its intention to respect these foreign interests and to

maintain the principle of the Open Door and the principle

of the equal possibilities.

In addition to that the Japanese Government has

promised our economic interests in China a preferential

treatment in consideration of the special relations existing

between Germany and Japan and the great friendship which

Germany has shown since the conclusion of the Anti-Comintern

Agreement, through the recognition of Manchuria, the recall

of military advisers and the suspension of all war material

supply to China.

"One could not see clearly what practical consequences these Japanese promises for the German economic interests had as long as the area of Tientsin, Peking, and Tsingtao in North China, and the triangle Shanghai-Nanking-Hankow in Middle China were battle areas. As long as there was fighting, it was doubtful whether the measures of the Japanese military authorities were conditioned by war and temporary or whether they were the expression of a policy calculated to be permanent. Now that these territories are for the great part pacified and opened for the admission of Japanese civilians (peddlers, traders and manufacturers) the German authorities could gain a clearer picture of the Japanese economic policy in China and its reactions on the German interests. They confirm in numerous reports that the Japanese military authorities are striving to subjugate the Chinese economy under Japanese domination, to use this economy exclusively in the Japanese interest, and to push aside and eliminate all foreign interests.

"In this the German interests are treated no better than any other foreign interest. Principally, Japan wants to exploit China only in her own interest. Foreign cooperation only comes then into the question where the Japanese means do not suffice, but even there only in a way which guarantees Japan's leadership (Japanese majority in mixed enterprises). Considerable orders are to be given internationally, whereby Germany does not possess any special advantage over other nations. Though the attitude of the Japanese military authorities in North and Middle

China is basically the same towards German economic interests, a certain difference is shown in the atmosphere's mood. The Manchung Army which protects the Japanese flank in Manchuria and Inner Mongolia against Russia, shows a certain willingness for cooperation with Germany, whereas they consciously prejudice themselves over against the English. On the other hand, the commercial expert reports about the Japanese attitude in Middle China (N VII 1731 of 23 June):

Whereas the German merchants in North China are shown a certain consideration, the Japanese military and official sources here are apparently ashamed of this friendship, especially over against the English. Instead of avowing oneself openly to it by permitting the German merchants something which one wants to refuse to the others, one only always talks about cooperation with Germany, and this as much as possible in private circles, that is, for the purpose of reproaching us or to demand something from us.

Consul General FISHER has referred the Japanese Consulate General in Shanghai, with which he was negotiating about a few factories which are under German influence, to the assurance of the Japanese Government to treat German interests preferentially. The Japanese Consul SONE answered to this that the Japanese Consulate had not received any such instructions and that it was impossible to make a distinction in the treatment of the members of the various foreign nations.

"Consul General FISCHER - who was unanimously characterized by Lt. General CHINA as a person approved of by Japanese military authorities - comes to the conclusion that the military authorities 'up to now have not allowed themselves to become disconnected by all the statements from Tokyo about the respecting of foreign rights and interests in the ruthless utilization of their position of power and have not taken cognizance of the fact that German interests should be treated with care in the strangulation of foreign commerce.'

- 2 -

"The Japanese economic policy aims at the control of all the important industries of North and Middle China. As objects of this national-Japanese policy are named amongst others: shipping, railways and other communications, undertakings, mines, salt-production, mills, spinneries and weaving mills, cement, chemical factories, the wool and silk industries.

"In practice it has proceeded in the following way: All public or semi-public installations of the Central Provincial Government and the local administrations, railways, telephone, telegraph and wireless stations, arsenals and workshops, mines and salt-fields naturally have been seized by the Japanese military authorities.

"The greater part of factories of private industry have been destroyed. The machines have been taken apart so far as they were still useful and the rest have been sent to Japan as scrap metal. As Consul FISCHER imparted

to the German Consul General, Japan wants to retain the power for the decision whether the development of certain industries in China should be permitted at all, which would be regulated according to the requirement of the Japanese country. 1. of the Japanese law concerning the "As far as the Chinese factories are still existing, they will be taken over by the Japanese. For instance the cotton spinning industry of Middle China has thus been taken over by Japan and has been divided up for management by Japanese spinning mills.

"Usually this happened in such way that one day Japanese engineers, most of the time with military escort, appeared, hoisted the Japanese flag and put up signs on which it was announced that the factory was now a Japanese enterprise. The Japanese emphasized that they only aspire to 'cooperation' with the Chinese owners who are invited to bear the repair expenses, which are usually considerable, to agree to the appointment of a Japanese manager and a technical adviser and to be content with a partition of the net proceeds. (N VII 1876).

"Should the Chinese owners object, then they are put under pressure either by refusal of admission to the factory buildings and other administrative measures or the resumption of the management takes place without Chinese consent. In this procedure it is not the arbitrary acts of individual military authorities, but they are the systematic attempt, which is approved by the Japanese Government to manage

Chinese industry - as far as it is permitted - in 'co-operation' with the Chinese as a Japanese monopoly. That Japanese enterprises in China are to be created on the basis of special privileges also follows, among other things, from article 11 of the Japanese law concerning the North and Central China Development Co. which states: 'The Government shall make efforts to make the new government of China consider granting special treatment to the proposed company and its affiliates.'

The results of this Japanese policy are very serious for the German commercial activity in China. Now inactive they are, is already shown by contemplating two fields which the Japanese want to reserve for themselves: Railways and electricity.

In the field of railway construction, Germany has always been active and has participated to a great extent since the building of the Shantung and the Peking-Pootung Railway. Germans were the first who again took up the railway enterprise after the establishment of the Chinese National Government and who, with the assistance of middle term delivery credits made possible the building of the Hangchow-Tsushan-Nanchang-Pinghsiang Railway. It was expected that in a nationally united China, a grand development of communications would take place and that Germany, together with England, would take a prominent part in it.

occupied by Japan, and that she is going to let the Peking-Southern Railway (half national and half German industry) carry out all supply and construction jobs. Example: The Japanese advance already

On 15 June of this year 7,000 Kilometers of the estimated 11,000 kilometers of the Railroad lines were under Japanese control. Now they are run by the South Manchurian Railway Co. The Japanese saw themselves forced to procure an 'Excess' because the Chinese could have taken with them nearly the entire rolling stock, and have ordered first of all 250 locomotives and 10,000 coaches in Japan. The orders went exclusively to Japan. It is to be expected that the future orders will also go to Japan and that we will lose the old Chinese railways as customers.

In addition to this the receipts of the Tientsin-Pukow line for the loans of 1908 and 1910 and the receipts of the Peking-Hankow line for a number of middle term delivery credits were mortgaged to us. These lines at present have no receipts. In order to maintain our rights, after the English had availed themselves of the use of the Tientsin-Pukow and Hankow loans from Japan on the 2nd of May of this year, we have demanded the same treatment for the German shares of these loans as well as the advance (14,700,000) on the Tientsin-Pukow lines. The Japanese Government up to now has not answered this demand.

In the field of Chinese hydro-electricity the Siemens Company has had a leading position for many years. According to what the firm reports now, one can already clearly see today that Japan is not going to draw any non-Japanese firm in the future into the Chinese territories occupied by Japan, and that she is going to let the Nihon Denjin Kaji Kabushiki Kaisha (half national and half pertinent industry) carry out all supply and construction jobs. Examples of the Japanese advance already exist:

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a) At the time of the outbreak of the conflict, the delivery of communication equipment had just started for the automatic telephone exchange which had been built by SIEMENS & HALSKER. The Japanese did not accept these, but ordered a new automatic exchange from the NIKON DENSHIN DENWA KANSHIKAI KAIHAKU, the Japanese action in the industrial field described above, the Chinese private industry is mainly

b) The same firm received orders for deliveries for two public automatic telephone exchanges in Shanghai.

c) The same firm participated in the founding of a company for news exchange in Kalgan together with a "Mongolian Government" (Mongolian Army) and received the order for a public automatic telephone exchange.

d) Up to now SIEMENS & HALSKER was almost exclusively the only firms supplying telephone and telegraph equipment for manifold utilization of overland wires. In the territories occupied by Japan such orders are only given to Japanese firms from now on. (Up to now two three-channel telephone constructions for North China and one one-channel do. for Tientsin-Peking).

"From the examples given above one can clearly see that the German firm has been entirely pushed out by the Japanese from fields, which in the past have been its steadily large customers.

"It is to be feared that we will make the same experience on all fields where Japanese monopolies prevail, until

finally Japanese occupied China will be just as closed to our commerce as Korea or Formosa.

B. Outside of the official offices which ordered railways, hydro-electric and water power plants, mine and gravel equipment in Germany the Chinese private industry was our best customer.

"Due to the Japanese action in the industrial field described above, the Chinese private industry is mainly ruined. German trade has been heavily damaged by the fact that many Chinese factory owners became unable to pay, so that they could not accept ordered goods and could not pay them and that for the future they have been eliminated as customers. Most of them will be forced to buy in Japan in the future if they want to continue working.

"In a few cases where long turned business relations existed and where the German claims on Chinese undertakings were especially large, the German firms had constituted liens for themselves in the undertakings or had transferred them to themselves for security. Their number is not large, because the Consul General in Shanghai watched carefully that such occasions were 'bona fide' and that they were commercially justified and not fictitious bargains. In the main it concerns the following cases:

German firms and five dyeworks. They were established by Chinese who are close to BEFAC, in order to introduce new dyeing methods, and were technically taken care of by the BEFAC. The BEFAC had high claims on all of them. In

finally Japanese occupied China will be just as closed to our commerce as Korea or Formosa.

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The dyeing and finishing, respectively of these works German Patent and Five dye-works. They were established by Chinese who are close to NITAG, in order to introduce new dyeing methods, and were technically taken care of by the NITAG. The NITAG had high claims on all of them. In

These enterprises, it was not possible to get the
necessary order to secure them, since their general,
and the Japanese mortgage on the property in the same
workshop of 1935 and in Shanghai. It understood
the German law for security's sake. The Japanese do not
by negotiation wish to recognize the transfer. Furthermore
this occasion they prevent the resumption of work during
activities the 2, 4 and 5 works.

1. No distinction would be made in Germany's favor
SINUS & CO. Shanghai Portland Cement Works.

In the treatment of the various foreign nations
Many years of close business contacts and

2. The high claims by SINUS, of property from

Transfer for security's sake on 27 October

1937. The Japanese have removed the in-

ventories of goods and part of the machinery

they do not recognize the transfer. SINUS

fears that it will be taken over by Japan

by the Japanese.

of a judicial declaration for this procedure was expressly

CARLOVITZ & Co. Shanghai Stone Pulverizing Works, China

CO. and that the Work Manufacturing Co. Ltd. Many years of

would be their business contacts and high claims by the

foreign firm CARLOVITZ. Transfer of property not recognized

by Japan. CARLOVITZ defended the judicial

The mortgaging and transference, respectively of these works

has been reported to the Japanese Consulate General in each

case, with the result that these systematic plundering

generally stopped in front of these enterprises under the

German flag. When the German firms wanted to start running

these enterprises again, it was not possible to get the necessary permission from the Japanese Consulate General, and the Japanese military authorities began to get nervous about the seizure of these works. Therefore the German Consulate General found itself forced to take up negotiations with the Japanese Consulate General. At this occasion the Japanese Consul SONE took the following attitude:

- a) No distinction would be made in Germany's favor entering into the territories already occupied, whereas in the treatment of the various foreign nations; they are visited by groups of Japanese soldiers, traders and
- b) The efficacy of the transfer of property from the Chinese to German nationals depends upon recognition by the Japanese.

Japan was in a position to enforce its will by refusing work permits or other measures which, if necessary, could be taken by the newly set up Chinese Government. The lack of a judicial foundation for this procedure was expressly confirmed. As reason for Japan's attitude Consul SONE stated that the sought for Chinese-Japanese "cooperation" would be hindered if the Chinese would first satisfy the foreign firms, into the hands of a Japanese monopoly.

Counsellor of the Embassy FISCHER defended the judicial standpoint, that German firms, even if they possessed no claims against a Chinese firm, were entitled to acquire property from same, and that for this no Japanese permission was necessary; however, declared himself willing to enter into further discussions with the aim of finding a solution locally.

In view of the well known economic policy of the Japanese military authorities he is, however, convinced that in the long run a basic discussion is unavoidable with the Japanese Government regarding the conflicts with legitimate German interests, arising from their economic policy.

C) The German economic activity in the Japanese occupied territories is generally encroached upon in that the Germans, just as the rest of the foreigners, are prohibited from entering into the territories already pacified, whereas they are visited by groups of Japanese peddlers, traders and other civilians. This applies to North China along the Peking-Pootun Railway as well as to the triangle Shanghai-Nanking-Hankow.

"In Inner Mongolia, the Kwantung Army has ordered the representatives of the firm MELCHER & CO. to leave the area at once 'as this was necessary for the personal safety of the employees,' although Japanese businessmen go on working there as before. Thus the buying organizations of the German firm, which for many years has bought wool and skins there are paralyzed, and the business has been conducted into the hands of a Japanese monopoly company. The same measures have been taken in Manchuria where the Manchurian Lifestock Co. has received a monopoly.

"The provisional government in Peking has further declared that the export of skins and furs from the parts of Tientsin, Chofu, and Tsingtao is prohibited, on 30

June of this year. The German firms, which have about a 50% share in this export, are heavily damaged by this. The German Chamber of Commerce in Tientsin requests remonstrance to the Japanese Government, as this measure was taken at the instigation of the Japanese in the interest of Japanese war economy. A prohibiting of the export of cotton is said to be imminent.

- 3 -

"All in all the reports of the German officials in North and Middle China show that the German economic interests in China are worse off in the Japanese occupied areas than was ever the case in National China, even at the time of the sharpest anti-imperialistic Kuomintang propaganda. This fate is shared by the Germans with all other foreign interests. However no signs of preferential treatment of the German interests by Japan are to be found.

"Part of the injuries under which the German economic interests suffer are certainly to be traced to the war situation and the urgent critical situation, which forces Japan to take measures which otherwise it would not take. In the main, however, it concerns measures which originate from a consequential economic policy of Japan and aim at the abolition of all foreign influences in China. The example of Korea and Formosa shows where this development will lead to if we do not defend our interests with all /our/ vigor.

"The Japanese have promised us, at the very least de facto, a preferential position. The facts give us the

right to ask Japan in what respect it has carried out these promises and how it intends to carry them out, and what the attitude of this preferential position will be toward the status quo ante.

"Herewith respectfully submitted to Ministry Director WINKL.

"Berlin, 24 July 1938."

(g) Document 40437, (Exhibit No.):

"Extract from a letter of Ambassador GUT - Tokyo - of 15 March 1939 to Ministerial Director WINKL.

". . . In the question of our preferential treatment in China I was able to gather from conversations in the Foreign Ministry that Ambassador GUTHA has actually telegraphed repeatedly in accordance with our interests /in unswerving China/. Generally I have the impression that one is not inclined to admit in writing the preferential treatment. As a way out, one is thinking of a de facto preferential treatment which is to be confirmed chiefly by actual deeds without written fixation. However, the actual deeds offered by Japan up to now are not very encouraging . . .

Signed GUT

Copy to

Bureau RAN

Sta. S. Pol. VIII

U. St. S. W VII

Es. Pol.

Es. R.

Signed WINKL

(B) Document 1024A, (Exhibit No.):

**"Agreement Regarding Trade between Japan
and Germany.**

"The Government of Japan and the Government of Germany, in due consideration regarding the import and export of both countries, have reached the following agreement in the hope of promoting mutual trade and to bring about its development for the benefit of both countries so as to meet present economic conditions.

Article 1.

"The Government of one of the two countries shall permit, under ordinary transactions, the importation, during each fiscal year, of the products of the other country, according to the articles and prices agreed upon for each fiscal year by competent authorities of the two countries. The payment for the products mentioned above shall be made by liquidation decided upon by the agreement of competent authorities of the two countries, or by free foreign exchange.

Article 2.

"The Government of one of the two countries shall permit, under 'special transactions' to be added to the 'ordinary transaction' mentioned in the preceding article, the importation of the products of the other country according to the articles and prices agreed upon by competent authorities of the two countries during the term of this Agreement. The payment for the above products shall be made by liquidation or credit as decided by the agreement of competent authorities of the two countries.

"The German Government shall agree that the German Banking Syndicate will supply the Yokohama Specie Bank with funds for the purpose to facilitate the payment for the German products imported through 'special transactions' by Japan.

"The Japanese Government shall permit the Yokohama Specie Bank to remit necessary funds to repay the loan made according to the preceding clause.

Article 3.

"The Government of one of the two countries, in the enforcement of the provisions of this agreement, shall pay due consideration to the interests of the people of the other country who have been engaged in trade between the two countries.

"The Governments of both countries shall not hinder the trade between the two countries by such measures as will necessitate the alienation from ordinary terms of transactions.

Article 4.

"The Government of one of the two countries, in order to prevent unreasonable rise in the price of products of its own country to be exported to the other country, shall take appropriate measures by always considering the price of the same products in a third country.

Article 5.

"The Governments of both countries shall strive to complete within the term of this Agreement, the delivery of goods ordered in 'special transactions.'

Article 6.

"The method of payment and technical details necessary for the enforcement of this Agreement shall be decided upon through the understanding of competent authorities of the two countries.

Article 7.

"The Governments of both countries shall continually observe the development of the trade between the two countries and adjust it so as to conform with the provisions of this Agreement. For this purpose the representatives appointed by each Government shall meet in Tokyo and Berlin every three months, or more frequently if necessary.

Article 8.

"The provisions of this Agreement shall be applicable only to those goods of one of the two countries shipped or transported directly to the other country, whether through a port of a third country or not.

Article 9.

"This Agreement shall not be applicable to transit goods.

"In the accounts stipulated in this Agreement, goods, either imported into the leased territory of Kwantung from Germany or exported to Germany from the leased territory of Kwantung, shall be regarded as transit goods.

Article 10.

"Products of one of the two countries imported by the other country according to this Agreement, and re-exported by this import country to a third country without being manufactured to cause any rational changes economically, shall be outside the application of this Agreement.

Article 11.

"In this Agreement:

- (1) 'Products' of Japan or Germany shall mean commodities which are either completely manufactured or goods that are finished to give them the rational and substantial changes economically in the respective countries.**
- (2) The 'fiscal year' will be the one year beginning from October 1.**

Article 12.

"Canned crab, canned fish, whale oil, fish skin, and other similar marine products manufactured or finished on Japanese ships outside of the Japanese territorial waters or by Japanese enterprises in the territories of the Union of Soviet Socialist Republics shall be regarded 'products' of Japan defined in Article 11 of this Agreement.

"When these products are shipped or transported directly from the above places, they shall be regarded as being shipped or transported from Japan, irrespective of the provisions in Article 8 of this Agreement.

Article 13.

"The provisions of this Agreement shall be applied to all areas belonging to or under the protection of one of the two countries. The protectorates of Bohemia and Moravia, however, shall be outside the application of this Agreement.

Article 14.

"This Agreement shall take effect on the first of October, 1939, and shall be valid till the thirtieth of September 1941.

"If the Government of one of the two countries should notify the other Government, after six months from the date of enforcement of this Agreement, of its desire for any alterations in this Agreement, the other Government shall agree to open negotiations for this purpose. If the negotiation is not arranged within two months from the date of notification, the government desiring the above alterations may announce a renunciation of this Agreement. In this case this Agreement shall be valid till the last day of the following month after the announcement has been made.

Article 15.

"Matters regarding transactions and payments according to this Agreement which are not completed at the expiration of this Agreement, shall be disposed of according to the provisions of this Agreement and other arrangements pertaining to it.

"In witness whereof, the undersigned, duly authorized by their respective governments, have signed this Agreement.

"Two copies of this of equal validity in Japanese and German are made in Berlin on _____, the fourteenth year of Showa or 1939."

(3) In early October 1940, after the conclusion of the Tripartite Pact, an arrangement was made by which Japan should buy raw materials from the Netherlands East Indies for use by Germany. In return, Japan desired to obtain a market in Germany or in the countries economically dependent upon Germany for Japanese-produced goods, due to the anticipated unfavorable reaction to the Tripartite Pact of countries friendly to England and America.

Proof

(a) Document 40422, (Exhibit No.) :

"Berlin, 3 October 1940

MEMORANDUM

Memorandum from WHEEL dated 3 Oct 1940.

"I informed the Japanese Ambassador on 4 October that we would like to make use of his offer, that Japan could buy raw materials from Netherlands East Indies for us, in excess of her own demands and pass them on to us. Regarding details of our wishes I handed him a note with the following contents: '3 million reichsmark in foreign bills of exchange for tin, rubber and castor-oil plants' seeds or castor oil. 1 million reichsmark in foreign bills of exchange for about 1,000 tons of spices. In the first place information is requested on the quantities that can be delivered, and the time of delivery. The amounts of foreign bills of exchange could be paid in full to the working association of the three biggest Japanese business concerns for a receipt and a declaration of obligation that the goods concerned would be handed over within a period of two months to the confidant on the German side in Dairen (Manchukuo). In the event of a part of the goods not being delivered, before the expiry of the period of time the firms promise to pay back the equivalent of the undelivered parts immediately in foreign bills of exchange according to German choice.'

"The Japanese Ambassador promised me to telegraph my information to his government. He remarked, he would then

acquiescence
suggest to his government that on receipt of our proposal on its part it expresses the desire to obtain an enlarged market in Germany and the countries occupied by Germany or those economically dependent on Germany for such Japanese products, which Japan, due to the reaction to the Tripartite Pact, will probably not be able any more to sell in countries of English-American influence to the previous extent. With regard to this I told the Ambassador that we would be pleased to examine such wishes.

(signed) WIEHL

Copies to St. S.

U. St. S. Pol, Pol VIII, BG W, W VII with the request to inform the competent authorities and the Embassy in Tokyo."

(4) On 28 April 1941, a draft of a work program was prepared for the Economic Subcommittee of the Tripartite Pact in Berlin. This work program included cooperation in many fields. Waging of commercial and economic warfare included the exchange of economic information between the signatories and their representatives in neutral countries, supervision of the trade of neutral countries with enemy countries, control of purchases with the aim of disturbing markets in neutral countries, common economic pressure on neutral countries, and economic measures to deprive the enemy of shipping space. Mutual support was planned in the supply of raw materials, which included plans for purchasing, transporting and financing. Mutual transmission of patents and licenses, granting of technical assistance, and partnership transactions relating to capital were contemplated. It was planned to transport raw materials from the Netherlands East Indies, Thailand, Indo-China and China to Japan. The cooperation was intended to extend to the promotion of economic combinations between the states belonging to the Tripartite Pact, and include measures deemed practicable and necessary for the period of the present war and preparations for the post-war period.

Proof

(a) Document 4024A, (Exhibit No.):

"SECRET STATE AFFAIR

Berlin, 26 April 1941

Dir. No. Pol. 102

DRAFT

**Work Program for the Economic Subcommittee
of The Tripartite Pact in Berlin.**

"I) The economic subcommittee has the task of advising what can be done between the countries belonging to the Tripartite Pact in order to secure mutual support, especially in the economic field, in war and in the postwar period. It lays down the results of its deliberations in proposals to the main commission. The individual negotiations necessary for the execution of the proposals after these have been approved by the main commission, will be conducted directly between the participating governments.

"II) The economic subcommittee will be charged with examining the possibilities of an accord and mutual support at first in the following fields.

1) In waging the commercial and economic war by economic measures (military measures are dealt with by the military subcommittee).

2) In the procurement of raw materials.

3) In construction and extension of plans for military and defense economy preparations.

4) In the utilization and extension of trade routes.

5) In the promotion of economic combinations between the states belonging to the Tripartite Pact.

"III) The examinations and proposals are at first to include the measures practicable and necessary for the period of the present war, but should also already now extend as far as possible to the preparations for the postwar period.

"IV) In the beginning the possibilities existing between the three main powers are to be examined, but already now, as far as it is possible and necessary, the participation of the other states which have joined the Tripartite Pact is to be considered.

Internal Explanations.

"On 1) to 5)

On 1) Meant is, for instance, exchange of economic information between the governments and their representatives in neutral countries, supervision of the trade of neutral countries with enemy countries, control of interference purchases in neutral countries, common economic pressure on neutral countries, economic measures to deprive the enemy of shipping space, measures against enemy property, common economic defence against foreign measures such as freezing of credit, confiscation of ships, etc. Whether joint measures for the running of the enemy blockade should be dealt with by the military or economic subcommittee remains to be decided.

"On 2) Mutual support in the procurement of raw materials will have to extend to purchasing, transporting and financing. Regarding transport measures compare No. 4).

"On 3) Meant is mutual transmission of patents and licenses, granting of technical assistance, partnerships regarding capital,

"On 4) Meant is:

a) Questions concerning railways, for instance systemization of negotiations with Soviet Russia regarding use of Siberian railway. In doing this the keeping secret of our arrangements with Russia must not be endangered. Therefore Italian procurements from the Far East by the Siberian railway must not come to light.

b) Questions of shipping, for instance improvement of the Japanese shipping lines to Vladivostok, the transport of raw materials from the Netherlands-Indies, Thailand, Indo-China, and China to Japan; later on also accord in the operation of the main routes of world shipping.

c) Questions regarding air transport, for instance establishment of the air-route Rome-Berlin-Tokyo, later on also accord regarding the main routes of world air transport.

"On 5) Meant is, for instance, removal of orders and measures hindering or limiting exchange of goods; setting up of principles for future loan and currency policy, etc. To put the promotion of commercial intercourse also between the countries and areas under the de jure or de facto supremacy or the influence of Germany, Italy, and Japan, already now on the order of the day is not recommended, because that might lead to the discussion of questions

not yet ripe for judgment, as, for instance, incorporation
of the Netherlands Indies in the Great East Asia Sphere,
direct trade of Germany with the countries of the Great
East Asia Sphere, etc."